

TennCare Supplemental Rebate Program

Revised Supplemental Rebate Bid Submission Instructions

- STEP 1:** Does your company have either a “preferred” or “non-preferred” product(s) in a therapeutic class that is currently covered by the TennCare Preferred Drug List (PDL)?
- Yes – Proceed to Step 2.
No – Thank you for your interest. You will be contacted by SXC prior to the review of the therapeutic class to which your product belongs.

- STEP 2:** Have you completed a TennCare Supplemental Rebate Manufacturer Contact Form and submitted the completed form to SXC?
- Yes – Proceed to Step 3.
No – A Manufacturer Contact Form may be requested from SXC by sending an email to TennCarePDL@SXC.com and indicating “Supplemental Rebate Manufacturer Contact Form Request” in the subject line of your email.

Please note that SXC must have a completed TennCare Supplemental Rebate Manufacturer Contact Form before it can engage in Supplemental Rebate Negotiations with your company and before you may continue to Step 3 below.

- STEP 3:** Have you completed a TennCare Supplemental Rebate Bid Form and submitted the completed form to SXC?
- Yes – SXC may call you to discuss your company's bid or request additional information.
No – A Supplemental Rebate Bid Form may be requested from SXC by sending an email to TennCarePDL@SXC.com and indicating “Supplemental Rebate Bid Form Request” in the subject line of your mail.

Guidelines to Supplemental Rebate Bidding Process

- SXC will negotiate supplemental rebates for products in all therapeutic classes currently on the TennCare PDL.
- All manufacturers are invited and encouraged to participate.
- Both “preferred” and “non-preferred” products are subject to these negotiations and a product’s designation may change as a result of these negotiations.
- Supplemental rebate contracts negotiated by SXC and accepted by TennCare will be effective 10/1/08.
- TennCare is requiring a two (2) year term for supplemental rebate contracts.
- Your company is invited to submit supplemental rebate bids based on varying levels of exclusivity within any particular therapeutic class. The exclusivity level is determined by the number of “preferred” agents within the therapeutic class. The exclusivity levels are as follows:
 - One-of-One (Exclusive)
 - One-of-Two
 - One-of-Three
 - One-of-Many (defined as four or more preferred agents)
- Wholesale Acquisition Cost (WAC) will be utilized as the pricing reference for supplemental rebates.
- Supplemental rebates are to be bid as a percentage of WAC.

- Guaranteed Net Unit Price (GNUP) bids will not be accepted.
- Supplemental Rebate unit rebate amounts will be calculated based on the bid percentage of WAC, utilizing the WAC that is in effect on the last day of the subject quarter as reported by MediSpan, First DataBank or other publications of drug pricing data.
- Manufacturers with an exclusive position in a therapeutic class for the initial contract term, will have right to match any exclusive bid for the next contract term.
- Bundled contracts will not be accepted by TennCare or SXC.
- Product giveaways or disease state management programs will not be accepted in lieu of monetary supplemental rebates.
- Submission of a supplemental rebate bid will ensure that the product(s) is considered but does not guarantee "preferred" status on the TennCare PDL.

Supplemental Rebate Bid Tips

- **If your company submitted an initial bid pursuant to the original bid due date of June 30, 2008, you have the opportunity to withdraw that bid and submit another initial bid by the new due date of Tuesday, July 15, 2008 at 5PM (EDT).**
- Submit your bid utilizing the process described above.
- Submit your bid as soon as possible - don't wait until the "eleventh hour".
- Make your "first bid", your "best bid" – don't assume that your company will be invited to submit a Best and Final Offer.
- Complete every column on the Supplemental Rebate Bid Form.
- Submit a bid for each exclusivity level – don't assume a bid in the One-of-Many exclusivity level will cover the One-of-One, One-of-Two and One-of-Three exclusivity levels.
- Call us with any questions.

Revised Supplemental Rebate Negotiation Time Line

- **Initial bids are due to SXC by Tuesday, July 15, 2008 at 5PM (EDT).**
- **If requested, Best and Final Offers will be due to SXC by Tuesday, August 5, 2008 at 5PM (EDT).**

Contact for Supplemental Rebate Questions and Issues

Rob Earnest, Pharm.D., J.D.
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Contact for Clinical Information Questions and Issues

Jim Gagnon, Pharm.D., BCPS

- Requests for face-to-face meetings should be scheduled by contacting Dr. Gagnon's administrative assistant, Stephanie Roy at (508) 421-5627 or stephanie.roy@umassmed.edu.
- Clinical information submissions and questions should be sent to TennCare@umassmed.edu.